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### Social development

## **Implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly**

### **Report of the Secretary-General**

#### *Summary*

The present report provides an assessment of the social impact of the global crisis, taking into account the discussion held during the forty-ninth session of the Commission for Social Development. The report also provides an overview of the key initiatives and responses undertaken by Member States and the United Nations system to implement the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly, in the face of the global crisis. The report concludes with a set of recommendations for the consideration of the General Assembly.

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## Introduction

1. The present report is submitted in response to General Assembly resolution 65/185, in which the Assembly requested the Secretary-General to submit, at its sixty-sixth session, a comprehensive study on the impact of the converging world crises on social development, in particular for the achievement of poverty eradication, mindful of the discussion held during the forty-ninth session of the Commission for Social Development. The report first provides an assessment of the social impact of the global crisis, followed by a review of the contribution of the Commission for Social Development at its forty-ninth session to the implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly. The report then examines implementation at the national level, and the actions and initiatives undertaken by the United Nations system. The report concludes with a set of recommendations for the consideration of the General Assembly.

## I. Social impact of the global crisis<sup>1</sup>

2. The global financial and economic crisis has proven to be a major impediment to the implementation of international social development goals, including the Millennium Development Goals, and the goals of the World Summit for Social Development. Major setbacks have been registered in poverty, employment, hunger, education, health and social integration. At the same time, recovery has proceeded slowly, unevenly and with uncertainty. Recovery in employment and other social indicators is lagging behind output recovery, highlighting the disconnect between economic growth and social development that must be bridged by effective policy at the national and international levels if development goals are to be realized. The growing trend towards fiscal consolidation and austerity in developed countries further undermines the potential for recovery from the social crisis.<sup>2</sup>

### Economic growth and poverty

3. Prior to the crisis, poverty reduction strategies were being successfully implemented, particularly in middle-income and high-growth countries. The number of people living below the \$1.25-a-day poverty line was projected to be 883 million in 2015, down from 1.4 billion in 2005 and 1.8 billion in 1990.<sup>3</sup> While the incidence of poverty has declined across all regions, the uneven global progress suggests that the implementation of poverty reduction strategies had not been successful in many contexts, particularly among the poorest countries.

4. The crisis presented an additional significant hurdle to poverty reduction. Nevertheless, based on current projections, the fight against global poverty is progressing, albeit unevenly and more slowly than prior to the crisis. The world remains on track to reduce the number of people living in poverty by half. As a

<sup>1</sup> For a comprehensive assessment of the impact of the crisis on social development, see *The Global Social Crisis: Report on the World Social Situation 2011* (United Nations publication, Sales No. E.10.IV.12).

<sup>2</sup> *The Global Social Crisis*.

<sup>3</sup> *Rethinking Poverty: Report on the World Social Situation 2010* (United Nations publication, Sales No. E.09.IV.10).

result of slowed economic growth in rich and poor countries alike, between 47 million and 84 million additional people remained poor or fell into poverty in 2009 than would have been the case without the crisis.<sup>4</sup> The period from late in 2009 to 2010 was one of uneven and fragile recovery, aided in large part by the unprecedented stimulus measures taken by many countries. The recovery period was also fuelled by output growth in developing countries and economies in transition. Despite economic growth recovery during this period, employment continues to lag behind in many countries, leaving economies vulnerable to future shocks and more people at risk of falling into poverty.

5. Economic growth is broadly recognized as the key engine of poverty reduction, operating largely through employment generation and increased government revenues for investment in the social sectors, including health and education. Global economic growth began to slow again broadly in mid-2010 as fiscal stimuli ran out. A shifting policy orientation towards austerity in developed economies is expected to hurt global economic growth further and push more people into poverty during 2011 and 2012. As a result, the prospects for regaining lost ground on social indicators through 2012 are poor.

6. As the crisis has pushed millions more people into poverty, and as Governments continue to divert more resources away from social spending, it will become more difficult to achieve all social development goals. Poverty reduction and redistributive social policy are key to achieving internationally agreed development goals. Since incomes are low and social protection systems are either lacking, minimal or disjointed in poorer countries, progress is more difficult. In general, the higher the poverty rate in a country, the less responsive poverty is to growth.<sup>5</sup>

7. The full impact of the crisis on poverty will depend on the shape and form of immediate, medium- and longer-term policy responses. Specifically, countries must consider the medium-to-longer-term social impact of their policies, and balance the need to continue to invest in future productivity through social spending and job creation with the need for debt reduction. Economic policies considered in isolation from their social consequences often have a dire impact on people's nutrition, health and education which, in turn, adversely affects long-term economic growth.

### **Employment**

8. The crisis has had devastating effects on employment, contributing to large-scale increases in unemployment and pushing millions of workers into vulnerable employment, poverty or both. Between 2007 and 2010, the crisis caused the loss of 27.6 million jobs. Developed countries were hit particularly hard. More than half of the jobs lost were in developed economies, which are home to only 15 per cent of the global labour force. The global unemployment rate was 5.6 per cent in 2007, climbing to 6.2 per cent in 2010 after peaking at 6.3 per cent in 2009.

<sup>4</sup> The World Bank and the International Monetary Fund estimated that an additional 64 million people will fall into extreme poverty owing to the crisis. By 2015, 53 million fewer people will have escaped poverty; see *Global Monitoring Report 2010: The MDGs after the Crisis* (Washington, D.C., World Bank, 2010), p. viii.

<sup>5</sup> *Global Monitoring Report 2010*.

9. Despite recovery in other macroeconomic areas, the jobs crisis has not been alleviated by the global efforts of Governments and businesses to generate employment; high levels of unemployment persist and underemployment has grown rapidly in some countries. For example, part-time job growth has accounted for roughly 40 per cent of growth in employment in Australia, Canada and the United States of America. Fiscal tightening further dampens the prospects for employment recovery.

10. In many developing countries, unemployment rates had returned to pre-crisis levels by early 2010. However, the recovery of official employment is an incomplete picture of the impact of the crisis on workers in developing countries, where there has been an increase in the levels of informality and the number of working poor. Employment has also become less secure for many.

11. The longer-term employment consequences of the crisis are becoming apparent as most developed countries have seen a significant increase in the share of long-term or structural unemployment — persons unemployed for more than one year — since 2007. In addition, vulnerability has worsened and half of all workers — more than 1.5 billion people — are in vulnerable employment. Many of the new jobs created during the recovery are lower-paying with fewer benefits and less security. Increasing labour market flexibility has been one response to address rising unemployment. By reducing labour regulation, flexibility often translates into insecurity for workers, lower wages, and degraded working conditions, and does not generate the job creation expected. The growth in average wages declined from 2.8 per cent in 2007 to 1.5 per cent in 2008 and 1.6 per cent in 2009. Excluding China from the analysis, average wage growth fell to 0.8 per cent in 2008 and 0.7 per cent in 2009.<sup>6</sup>

12. The number of discouraged workers — working-age individuals willing to work but no longer actively seeking employment — is also growing. Nearly 2 million people have become discouraged from actively seeking jobs. Nearly 4 million people left the labour market at the end of 2009.<sup>7</sup>

13. Youth tend to be disadvantaged in the labour market and have suffered disproportionately from job losses resulting from the crisis. Youth (aged 15-24) had unemployment rates well above their older counterparts prior to the crisis. In 2010, global youth unemployment reached 12.6 per cent, up from 11.8 per cent in 2007. Youth entering the job market during the crisis are likely to suffer lifelong consequences in terms of employment and wages.

14. In order to fully restore employment to pre-crisis levels, growth levels must be high enough to compensate for the size of the working population. Growth must also be employment-intensive, driven by increased productivity. In order for this to occur, there must be widespread structural change towards the more dynamic sectors of the economy. At the current speed of recovery, it would take four to five years to return to pre-crisis levels of global employment.<sup>8</sup>

<sup>6</sup> International Labour Organization, *Global Wage Report 2010/11: Wage policies in times of crisis* (Geneva, 2010).

<sup>7</sup> International Labour Organization, International Institute for Labour Studies, *World of Work Report 2010: From one crisis to the next?* (Geneva, 2010).

<sup>8</sup> *World Economic Situation and Prospects 2011* (United Nations publication, Sales No. E.11.II.C.2).

### Food prices rising again

15. Volatile food prices present a serious barrier to social development goals. Recent food price increases are pushing millions more into poverty and leaving more people malnourished. In addition to the short-term consequences of lack of sufficient food, such as higher child mortality, childhood malnourishment has long-term negative consequences for health, educational outcomes and productivity.

16. Since June 2010, higher food prices have pushed an additional 44 million people below the \$1.25-a-day poverty line. Early 2011 saw record food price increases, which returned prices close to their 2008 peak. If food prices continue on their current trajectory, the implications for social development will be devastating. World Bank simulations<sup>9</sup> suggest that a 10 per cent increase in the food price index could lead to an additional 10 million people falling below the poverty line; a 30 per cent increase could push an additional 34 million people into poverty. Other studies are less optimistic: poor families in developing Asia already spend 60 per cent of their income on food, and a 10 per cent rise in domestic food prices could push an additional 64 million people into extreme poverty in that region alone,<sup>10</sup> and in the transition countries, two thirds of the households were affected by the crisis, and 70 per cent of them reported to have reduced staple food and health expenditures as a coping mechanism in the crisis.<sup>11</sup>

17. Many countries are pursuing contractionary monetary policies to combat inflation caused by rising food and oil prices. This policy stance is hampering economic recovery, especially job creation. Such monetary policy is, thus, not appropriate for addressing food price inflation. A broad range of factors contributes to food price fluctuations, including increased demand for food, competing uses for food grains such as for the production of biofuels, declining grain stocks and rising oil prices, and speculative activities in food markets. Policymakers should, therefore, consider a range of interventions to combat the causes and impacts of food price fluctuations. Expanding social assistance and nutritional programmes can help to alleviate the impact of food price increases on malnourishment. Without targeted social assistance and nutritional programmes, short-term price increases will lead to calorie deficits and micronutrient malnutrition. The long-term implications of malnutrition in childhood are well documented<sup>12</sup> and include lower educational attainment, lower lifetime earnings, and lower overall productivity. Increased regulation of commodity speculation, expanded support for agricultural development for local consumption, and relaxed biofuels mandates are all needed to address fluctuations in food prices in the long term.

### Remittance flows

18. Migrant remittances are very important to the welfare of recipient families and communities. Official remittances fell by 6 percentage points between 2008 and

<sup>9</sup> World Bank, "Food price watch" (Washington, D.C., 2011).

<sup>10</sup> Asian Development Bank, *Global Food Price Inflation and Developing Asia* (Manila, 2011).

<sup>11</sup> European Bank for Reconstruction and Development, *Life in Transition: After the Crisis* (London, 2011).

<sup>12</sup> Saskia de Pee, and others, "How to ensure nutrition security in the global economic crisis to protect and enhance development of young children and our common future", in *The Journal of Nutrition*, 140 (1) (2010).

2009.<sup>13</sup> By 2010, official remittance flows had recovered to \$325 billion, matching pre-crisis levels. Stabilization of the United States economy has allowed remittance flows to Latin America to resume growth. Higher oil prices have contributed to improved remittance flows to Asia from Russia and other oil-producing countries. However, the tight job market in Western Europe is contributing to increasing migration controls. Despite the apparent recovery of remittances, inflation in recipient countries has outpaced the growth of remittances, such that recipients do not have the same purchasing power with the same dollar amounts received as they did prior to the crisis. Unrest in the Middle East and North Africa is also disrupting migration and remittance flows.<sup>14</sup>

### Health and education

19. The full impact of the crisis on health and education is difficult to assess and will become fully evident only over time.<sup>15</sup> Based on experience in previous crises, households adopt coping strategies that can have negative consequences for health and education. For example, children are taken out of school to save money on school fees or to work. Stretched household budgets are relieved by replacing more expensive and nutritious foods with cheaper alternatives. Medical care is deferred and needed medications are not purchased. Often, during crises the cost of essential life-saving medication rises and, as a result, life-threatening illnesses may go untreated.

20. When incomes fall and unemployment rises, the demand for public sector services typically expands while, at the same time, government revenues to fund them come under increasing pressure. The reductions in social expenditure that are occurring in many countries are placing the sustainability of recovery at risk. Therefore, social expenditures must continue to be viewed as investments in future growth and maintained despite immediate pressures to constrict social spending.

### Inequality

21. Increasing income inequality has been identified as both a cause and an outcome of the economic crisis. Economic growth in the period preceding the economic crisis was unbalanced: the benefits of growth accrued to the wealthiest individuals at the expense of the creation of quality, decent jobs. Between 1980 and 2005, high growth rates and stagnant wages fuelled inequality, as the share of national incomes received by the top 1 per cent of the population increased from 7.5 per cent to 13.4 per cent. Consumer debt grew in this period as wage earners struggled to maintain their standard of living in the face of rising costs and stagnant wages. While global inequality may be declining as a result of the greater impact of the crisis on financial rents and the fiscal austerity induced slowdowns in most developed economies, income inequality within countries is expected to worsen as a

<sup>13</sup> United Nations Educational, Scientific and Cultural Organization, *Education for All Global Monitoring Report 2010: Reaching the marginalized* (Paris, 2010).

<sup>14</sup> Sanket Mohapatra, Dilip Ratha and Ani Silwal, "Outlook for remittance flows 2011-13". *Migration and Development Brief* 12, vol. 16 (Washington, D.C., World Bank, 2011).

<sup>15</sup> For an assessment of the impact of the crisis on health and education, see *The Global Social Crisis: Report on the World Social Situation 2011*.

result of rising food prices, high unemployment and increased poverty rates. These trends disproportionately impact the less-advantaged within countries.<sup>16</sup>

### **Climate change**

22. Climate change is causing increased variability of weather patterns and changes in agro-ecology. Climate change, if unabated, will have negative consequences for nutrition, schooling and future productivity. Changing weather patterns have already hurt food production, and weather events are responsible for disruptions in global supply chains. The tsunami in Japan in March of 2011 disrupted global supply chains, slowing output and further slowing the global economic recovery. The onset of the economic crisis has also withdrawn attention and momentum from climate change concerns. Also, lack of access to credit and competing budgetary priorities are having an adverse impact on investment in adaptation and mitigation strategies, both among public and private investors.

23. Recently, there has been a promising shift in national and international dialogue, towards a focus on broader sustainable development that incorporates sustainable environmental and economic practices with the ultimate goal of improving well-being. The green economy, in the context of poverty eradication and sustainable development, will be the theme of the United Nations Conference on Sustainable Development<sup>17</sup> to be held in June 2012.

### **Upheavals in the Middle East and North Africa**

24. Despite good growth levels, the Middle East suffers from the highest unemployment among developing regions and remains poorly integrated into the world economy. Youth unemployment in the region has reached as high as 70 per cent. The region also has the lowest economic participation rates of women, high inequality and poor human development.<sup>18</sup> In reaction in part to social conditions, recent and ongoing uprisings in the Middle East have been propelled by political and economic demands of the population combined with a lack of alternative avenues to influence public policy. While the changes in governance resulting from the protests may be positive in the long run through increased citizen participation in policymaking, in the short term the transition has contributed to increased oil prices (a 21 per cent increase in the first quarter of 2011) and may further disrupt economic activity.<sup>19</sup>

### **Africa**

25. Africa's economy has proven to be resilient to the crisis, with an expansion of 3.6 per cent in 2011 and growth expected to reach 5.4 per cent in 2012.<sup>19</sup> However, unemployment and vulnerable employment remain high, and the region is still not expected to achieve sufficient growth to meet poverty reduction targets even with significant income redistribution, which seems unlikely. Most sub-Saharan African economies remain highly dependent on primary production and remain very

<sup>16</sup> For an assessment of the impact of the crisis on inequality, see *The Global Social Crisis*.

<sup>17</sup> Also referred to as Rio+20, or Earth Summit 2012. See <http://www.earthsummit2012.org/>.

<sup>18</sup> United Nations Development Programme, Regional Bureau for Arab States, *Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries* (New York, 2009).

<sup>19</sup> *World Economic Situation and Prospects 2011*.

vulnerable to terms of trade shocks; production and exports have not diversified very much, with significant deindustrialization in recent decades. South Africa, the largest economy in the region, is a notable exception to positive growth trend. With an expected growth rate of only 3.5 per cent for 2011, the substantial job losses are not expected to be reversed.<sup>20</sup>

## **II. Contribution of the Commission for Social Development at its forty-ninth session**

26. The Commission for Social Development devoted its forty-ninth session to a review of its priority theme "Poverty eradication, taking into account its interrelationship with social integration and full employment and decent work for all." The present section of the report provides a summary of the deliberations of the Commission on its priority theme.

### **A. Poverty eradication**

#### **Progress and challenges**

27. Poverty eradication remains a major challenge for all Governments and the United Nations system, especially in the aftermath of the global economic and financial crisis, and continuing food and energy price hikes. National Governments and the international community remain committed to continued efforts at the national, regional and global levels to fulfil the internationally agreed development goals in regard to poverty reduction targets, including the Millennium Development Goals, and the commitments contained in the Copenhagen Declaration and Programme of Action.

28. Concerted national and international efforts have so far yielded marked though uneven progress in reducing poverty. The world is on track to reach the global Millennium Development Goal poverty target by 2015.<sup>21</sup> However, the achievement of this target is but one step towards the commitment to poverty eradication made at the World Summit on Social Development, for there will be close to 900 million people still living in extreme poverty by 2015, according to pre-crisis World Bank projections.

29. Moreover, progress towards poverty eradication has been uneven among countries and regions. Much of the progress in reducing extreme poverty and raising living standards has been achieved in East Asia, particularly in China. Other regions have been less successful. At the same time, regional trends conceal very different national experiences, even among those countries with similar income levels. In fact, while the forecasted declines in income poverty at the global and regional levels are encouraging, poverty remains high and intractable in many countries. The global trend masks the dire reality in many countries where there has been slow or little progress in poverty reduction.

<sup>20</sup> International Monetary Fund, *World Economic Outlook: Tensions from the Two-Speed Recovery: Unemployment, Commodities, and Capital Flows*. World Economic and Financial Surveys (Washington, D.C., 2011).

<sup>21</sup> Owing largely, however, to progress in a few countries, as discussed in paragraph 29.

30. Furthermore, in addition to a lack of adequate income, people living in extreme poverty also suffer multiple deprivations, restrictions in opportunities and social exclusion. While many countries have succeeded in reducing income poverty, they still face important challenges in ensuring access to education, health, food and other basic goods and services. For example, as a result of the food crisis, the number of undernourished people increased from 817 million in 1990-1992 to over 1 billion in 2009, and it is estimated to be 925 million in 2010. This estimate could be even higher in 2011 given the renewed rise in food commodity prices.<sup>22</sup>

31. Sustained or increased investments in health and education are vital to break the cycle of poverty and to prevent its intergenerational transmission. People living in poverty still face obstacles in accessing quality health care, and many suffer and die from easily preventable diseases and health conditions. Disease, in turn, can push vulnerable families into poverty. Education is widely recognized as a means for socio-economic mobility, and the lack of education often prevents people living in poverty from taking part in higher-paying formal-sector employment. These linkages underline the vicious circle that exists between income poverty and poor health and low levels of education that can be addressed through effective government policies.

32. Gender and urban-rural disparities continue to present a challenge for implementing policies on poverty reduction. Although there has been considerable progress in reducing gender inequality in the past three decades, women remain disadvantaged relative to men in most spheres of life, and are not equally represented in the decision-making processes. In addition, throughout the world there are large disparities in well-being between urban and rural residents. Poverty has been growing faster in urban areas, especially in Latin America, yet the incidence of poverty is still higher in rural areas.

33. Poverty has social, economic, political and environmental dimensions, and some of the structural causes of poverty and inequality are global in nature. Lack of decent employment opportunities, social protection and access to social services, and increasing inequality, frequency of natural disasters, and disease burdens, in particular HIV and AIDS, are some of the main obstacles to poverty eradication that national Governments and the international community need to address.

#### **Lessons learned**

34. With less than five years remaining before the target date of 2015 for achieving the Millennium Development Goals, actions to accelerate progress, building on successes and lessons learned, are required. This need is especially pressing in those regions and countries which lag behind in their poverty reduction targets, and where social and economic inequalities remain high.

35. Countries face diverse economic, social and political challenges to implementing their poverty eradication strategies and programmes. Despite the diversity of challenges faced by countries in this regard, there is broad agreement among countries on a number of issues based on their experiences. One area of

<sup>22</sup> This is most likely to be the case, based on the World Bank estimate that an additional 44 million people had been pushed into extreme poverty in 2010 owing to rising food prices and the Asian Development Bank warning of 64 million more people living on less than \$1.25 a day in Asia if food prices remain at the April 2011 level.

agreement is that rapid and sustained economic growth, accompanied by structural change, and supported by consistent counter-cyclical macroeconomic policies are necessary for sustained poverty reduction. This is supported by the success of East Asia in dramatically reducing poverty, as well as the progress in poverty reduction made by African countries prior to the onset of the global crises. As the 2010 *Report on the World Social Situation* shows, many high profile programmes, e.g., land titling, microcredit, and others, have not been very effective in poverty reduction.

36. The multidimensional nature of poverty requires poverty reduction strategies that go beyond mere economic growth and seek to integrate action to improve education, housing, health and employment outcomes that can help reduce inequality. In many countries, increasing income and wealth inequalities have limited the effectiveness of economic growth in reducing poverty. In highly unequal societies, poor people often do not have access to productive resources, including land, markets or transportation and communications infrastructure, with the result that people living in poverty are often locked out of the economic growth processes. Therefore, macroeconomic policies should fully consider the social dimension of development, including the need to reduce inequality and to promote full employment and decent work for all.

37. It is crucial for developing countries to implement programmes that offer universal access to basic social protection and social services in order for them to break the cycle of poverty. Insofar as social protection measures shield people from various shocks and enhance their capacity to manage and overcome situations that affect their well-being, such measures are essential to reduce vulnerability and prevent the deterioration in living conditions. During economic crises, social protection systems perform an important role as social and economic stabilizers. In the long term, social protection can help individuals and families build human capital and improve their livelihood prospects, thereby addressing the underlying causes of poverty. When complemented by broader interventions that address discrimination, access to resources and their redistribution, these measures will have a profound impact on poverty and vulnerability and contribute to the establishment of a virtuous circle between economic growth and poverty eradication.

38. Countries that have successfully reduced income poverty and improved social conditions on a broad scale have developed comprehensive social protection policies covering a majority of the population. While the structure of social protection systems will depend on specific country contexts, a basic social protection floor should comprise a basic set of essential, context-appropriate social transfers and access to essential services, including health care, education and adequate nutrition. This social protection floor is affordable, even in the poorest countries, if implemented progressively. The needed investment is often viewed as less of an impediment when the potential consequences of not investing in social protection are taken into account. It is important that such interventions are complemented by broader social investment that addresses discrimination, exclusion and the inequitable distribution of resources.

39. Another lesson in implementing poverty reduction strategies is that rural development and agricultural productivity are fundamental to social development and poverty reduction, and a greater focus on the rural economy and the role of agriculture in developing countries is necessary. Small- and medium-sized farms provide employment for the majority of working people in many developing

countries. It is also important to link agricultural production to local urban markets, to help insulate against external shocks and increase food security and reduce poverty, especially in view of the resurgence of global food price increases.

40. Countries in which economic growth has been achieved with gains in agricultural productivity and sustained increases in decent work opportunities in both rural and urban areas have made the most progress in reducing poverty. More public investment is needed to support such growth in developing countries with large agricultural sectors, where women are often employed. In this regard, the promotion of gender equality is critical to ensure that women receive the benefits of agricultural and rural development.

41. Finally, successful examples of countries implementing effective poverty reduction strategies underscore the importance of embedding social policy as an integral part of a broader development strategy, in order to address the conditions that cause and perpetuate poverty. Sustainable anti-poverty strategies require social policies that focus on all members of society, not just on the poor. It is important to build on successful experiences to scale up global efforts in order to accelerate progress to achieve the internationally agreed development goals, including the Millennium Development Goals and the commitments of Copenhagen.

## **B. Productive employment and decent work for all**

42. Full and productive employment and decent work for all are central to national strategies for poverty eradication and social integration. Full and productive employment refers to high levels of employment with high real wage rates. Poverty eradication efforts will not be successful and sustainable unless people have access to employment opportunities that pay wages above the poverty line. Moreover, improving the quality of jobs, as emphasized by the decent work agenda, is vital to tackling the problem of working poor in many countries. Structural change through productivity-led growth also contributes to high employment and high real wages.

43. While employment generates the income that people living in poverty need in order to escape poverty, employment and decent work also provide the vital channel through which the benefits of economic growth can be more widely shared. The attainment of full and productive employment and decent work for all is essential for sustainable development where the benefits of growth are shared equitably.

44. Making full and productive employment and decent work for all a central objective of national and international policies is imperative to achieving the internationally agreed development goals, particularly the goal of poverty eradication. Therefore, the promotion of full employment and decent work must become a key macroeconomic objective alongside consistently counter-cyclical policies and functional finance, in order to achieve more stable and balanced growth supporting poverty eradication.

45. Undue emphasis on balancing public budgets, without considering its consequences, has often resulted in declines in public investment in infrastructure, technologies and human resources, all of which are critical for economic growth and employment creation. Emphasis should be on public expenditure review in order to enhance its productive element, instead of across-the-board cuts, especially in the current context of recovery from severe economic recession.

46. The Social Protection Floor Initiative, co-led by the International Labour Organization (ILO) and the World Health Organization (WHO), is a critical component of the decent work agenda. The Initiative comprises a systemic base to address poverty and vulnerability through its four essential guarantees: access to essential health care for all; income security for children; assistance for unemployed, underemployed and poor persons; and income security for older persons and persons with disabilities. Investments in a Social Protection Floor can create a virtuous cycle of development, leading to improved schooling, training, and health, thus creating a greater pool of human capital, which supports long-term economic growth while also leading to more people being employed in the formal sector. Ultimately, the growth of the formal sector will generate more financial resources through tax revenue and make higher levels of social protection possible.

### C. Social integration

47. Governments around the world are increasingly recognizing the importance of social integration to advancing social development and reducing poverty, because social integration fosters social cohesion and stable and just societies, which create an enabling environment for development and progress. Participation by all in social, economic, political and cultural life is critical to ensuring that government policies are responsive to the needs of society, including people living in poverty.

48. Many countries have moved from disjointed or ad hoc policies for social integration to more coherent and cohesive policies in line with national development goals and poverty reduction strategies.<sup>23</sup> Governments and their social partners should strive to create an environment conducive to participation and social integration, by taking public action and implementing policies that eliminate discrimination and social barriers. This will contribute to, and reinforce, efforts to eradicate poverty.

49. Advances in promoting social integration have been made, including through the adoption of international plans of action, conventions and declarations to address the challenges various social groups face in overcoming social exclusion and poverty. Governments and their social partners have implemented social integration policies aimed at reducing inequality and eliminating discrimination, to provide equal access to employment opportunities, basic social services, education and health care, and to increase participation and inclusion of social groups, especially young people, older persons and persons with disabilities, as well as indigenous people.

50. Assistance to large families and single-parent families is an effective strategy to combat overall poverty. Targeting children of families suffering from poverty, through benefits ranging from child support grants, cash transfers, educational allowances, housing subsidies and free education to foster-care programmes is necessary to combat the intergenerational transmission of poverty.

51. Moreover, families have traditionally provided social protection to their members and they should be supported in this important function. Effective social protection measures combined with efficient service delivery and access to basic

<sup>23</sup> For further information and examples, see the report of the Secretary-General on implementation of the resolution on promoting social integration (E/CN.5/2011/2).

services are good strategies to assist families. The upcoming twentieth anniversary of the International Year of the Family in 2014 provides an impetus to ensure further promotion and realization of the mandated objectives of the International Year. The Commission for Social Development will be guided by the following themes in the preparations for the twentieth anniversary, in carrying out its mandate of following up to the Social Summit: confronting family poverty and social exclusion; ensuring work/family balance and advancing social integration and intergenerational solidarity.

### **III. Implementation in a time of crisis**

52. The implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly has been increasingly challenged by the multiple crises that have emerged in recent years. Better coordinated and more coherent policy responses are needed at the national level, as well as within the United Nations system, to meet these new challenges effectively.

#### **A. National policy responses**

53. The current financial crisis, coming close on the heels of the multiple crises in recent years, has prompted a shift away from market fundamentalism towards a greater role for government in guiding the economy. Counter-cyclical macroeconomic policy measures have clearly worked to mitigate the impact of the crisis in many countries. Both the recession and its social impact have been less severe than initially feared, thanks to the prompt policy responses by many countries, including emerging economies in the developing world. ILO has estimated that counter-cyclical measures implemented by the G20 countries saved or created 21 million jobs in their economies.<sup>24</sup>

54. The debt crisis in developed economies that started in early 2010 has continued into 2011, placing significant pressure on national Governments to reduce spending. Many Governments in developed countries have responded to growing deficits worsened by the economic crisis with reduced social spending, weakening social protection systems in those countries. Reductions in spending on health, education, job cuts, pay cuts, and tax increases are some measures being taken in hopes of improving countries' fiscal positions.

55. Concerns over deficits and mounting debt levels have encouraged many countries to implement austerity measures. Those countries have ended fiscal stimulus measures, raised retirement ages to reduce pension costs, cut wages and raised taxes. For example, Spain has committed to reducing public spending by 7.9 per cent in 2011, Germany is reducing federal spending by 4.3 per cent between 2010 and 2011, and Italy is implementing a 10 per cent budget cut for 2011 and 2012.

<sup>24</sup> International Labour Organization, report with substantive contributions from the Organization for Economic Cooperation and Development, "Accelerating a job-rich recovery in G20 countries: Building on experience" for the Meeting of G20 Labour and Employment Ministers, Washington, D.C., 20-21 April 2010 (Geneva, 2010).

56. There is some concern that such measures may worsen or prolong the crisis, given that fiscal consolidation lowers growth. One IMF study found that, after two years, a budget deficit cut of 1 per cent of gross domestic product (GDP) lowers output by about 0.5 per cent and raises unemployment by 1/3 of a percentage point.<sup>25</sup> Ultimately, these measures could worsen or prolong the crisis by increasing unemployment, especially for young people, and weakening social protection systems at a time when they are needed most.

57. However, several developing countries, drawing important lessons from previous crises, have made great efforts to protect social expenditure so as to preserve gains in social development, even as government revenues declined as a result of slowing economic growth. For example, some Governments, including those of Argentina, India and South Africa, maintained or even expanded their cash transfer programmes for families, programmes that have often been credited with causing substantial reductions in family poverty and better outcomes for children, such as improved school attendance and reductions in child malnutrition and child labour.<sup>26</sup>

58. Some Governments managed to extend social protection, and to make it more responsive to new social needs in their crisis response measures, especially at the early stage of the global financial and economic crisis. This helped to ameliorate the impact, both of higher food and fuel prices and of the economic recession, on poor and vulnerable populations. For example, Brazil expanded its Bolsa Familia programme to provide a minimum level of income for almost 50 million people, representing 0.4 per cent of the GDP in 2010.<sup>27</sup>

59. In the area of social protection, some developing countries, including Burkina Faso, Mexico and Mozambique, have taken action to implement the Social Protection Floor initiative by raising awareness, establishing a national Social Protection Floor task force, taking stock of the social protection situation, designing measures to extend existing social protection to larger segments of the population and conducting analyses. Some countries, such as Argentina, Chile and South Africa, have adopted specific legislation to reform the social security system, emphasizing social protection for marginalized social groups, including older persons, persons with disabilities and the unemployed. In India, the National Rural Employment Guarantee Scheme responds to the needs of 53 million poor rural households by offering them 100 days of employment per year through public works programmes.<sup>28</sup>

60. Some countries are turning the crises into opportunities to invest in green jobs for employment-creation and poverty reduction.<sup>29</sup> Some others are re-examining the role of both the public sector and civil society organizations in providing social services as a source of new jobs to counter the impact of the financial and economic crisis. These initiatives all contribute towards implementing the commitments of the

<sup>25</sup> International Monetary Fund, *World Economic Outlook: Recovery, Risk and Rebalancing*, World Economic and Financial Surveys (Washington, D.C., 2010).

<sup>26</sup> For further information and examples, see: United Nations Development Programme, *Sharing Innovative Experiences: Successful Social Protection Floor Experiences* (New York, 2011).

<sup>27</sup> *Sharing Innovative Experiences*.

<sup>28</sup> For further information, see *World Economic and Social Survey 2011: The Great Green Technological Transformation* (United Nations publication, Sales No. E.11.ILC.1).

World Summit for Social Development, especially with regard to promoting poverty eradication, employment and decent work.

## B. United Nations responses

61. The United Nations system has engaged in a wide array of activities to implement the Copenhagen Programme of Action, and to counter the impact of the global crisis on achievements in social development. In this context, new initiatives and partnerships have emerged to advance the coherence of the United Nations system and to ensure greater effectiveness of development cooperation.

62. Within the context of the Commission for Social Development, the Department of Economic and Social Affairs has organized panel discussions and expert group meetings on emerging social development issues, including poverty eradication, social protection, decent work, and social integration.<sup>29</sup> The Division has organized a Civil Society Forum to ensure a wide range of participants in the forty-ninth session of the Commission. Furthermore, the Division is engaged in producing cutting-edge research and reports, such as its 2011 flagship report.<sup>30</sup> The Copenhagen Programme of Action also provides a basis for the Department of Economic and Social Affairs technical cooperation advisory services to Governments, focused on the least developed countries and countries in special situations, such as the small island developing States.

63. The Second United Nations Decade for the Eradication of Poverty (2008-2017), proclaimed by the General Assembly in 2007 and focused on the theme Full Employment and Decent Work for All, presents the overarching framework for the United Nations poverty eradication agenda. The Department of Economic and Social Affairs and ILO coordinate a system-wide plan of action for poverty eradication which was endorsed by a group of 21 United Nations agencies, funds, programmes and regional commissions, as well as by the United Nations System Chief Executives Board for Coordination (CEB). This plan of action places particular emphasis on employment creation, social protection, rights and standards at work, and the impact of the global economic and financial crisis on employment.

64. To counter the impact of the converging global crisis on social development, the CEB adopted nine joint United Nations initiatives in April 2009. The Global Jobs Pact and the Social Protection Floor are both part of that framework. The Global Jobs Pact is an ILO-led global partnership framework aimed at providing crisis-response measures, built around the principles of decent work and a job-rich recovery. The Pact promotes a productive recovery centred on investments, employment and social protection, and also strives to put employment at the centre of the policy agenda. The Social Protection Floor Initiative aims at promoting access to essential social security transfers and social services, with an emphasis on assistance to vulnerable groups. This Initiative has since developed a strong coalition of United Nations agencies, bilateral partners and non-governmental organizations to ensure coherence and coordination at the country level. Another initiative that has strong interlinkages with the World Social Summit agenda is the

<sup>29</sup> For more information, please visit the website of the United Nations Department for Economic and Social Affairs: <http://social.un.org/index/ExpertGroupMeetingsPanelDiscussions.aspx>.

<sup>30</sup> *The Global Social Crisis*.

United Nations System Joint Crisis Initiative on Food Security, coordinated by the Secretary-General's High-Level Task Force on the Global Food Security Crisis, which aims to tackle the effects of the food crisis.

65. United Nations agencies have also responded to the interlinkages between effective crisis response and environmental sustainability. The United Nations Environment Programme (UNEP) Green Economy Initiative — one of the CEB-endorsed crisis response initiatives — seeks to demonstrate the potential of investing in green sectors as an instrument for bringing about recovery and sustainable growth, advancing decent work, and reducing poverty, while also tackling acute environmental problems. The joint UNDP and UNEP Poverty-Environment Initiative programme also supports country-led efforts to mainstream poverty-environmental linkages into national development planning, and to manage the environment in a way that improves livelihoods and leads to sustainable growth.

66. The Executive Committee on Economic and Social Affairs, convened by the Under-Secretary-General for Economic and Social Affairs, continues to provide an important instrument of policy development, decision-making and management in the area of social development, particularly through its cluster on social development. In recognition of the importance of the Rio+20 Summit in 2012, the Executive Committee membership has been broadened to engage relevant United Nations agencies, funds and programmes, in order to enhance coordination and coherence in the United Nations system preparations for the Summit. The cluster on social development has been tasked to facilitate and coordinate the collaboration of Executive Committee members in order to raise the visibility of the social pillar of sustainable development. Additional initiatives include the Lead Economists Network and the Macroeconomic Advisory Capacity initiatives. The Lead Economists Network seeks to foster coherence and collaboration within the United Nations system analytical work and policy guidance on economic issues. The Macroeconomic Advisory Capacity is a purely demand-driven initiative that seeks to provide countries with an opportunity of getting a second opinion on pertinent macroeconomic issues.

67. Concerted national and international efforts have yielded marked progress towards the poverty target of the Millennium Development Goals. At the same time, it is important to bear in mind that income poverty is one of the many dimensions of poverty and deprivation defined by the Copenhagen Declaration and Programme of Action. In fact, the confluence of multiple global crises has presented countries with serious challenges in implementing commitments made at the World Summit, as poverty, unemployment and underemployment as well as social tensions rise while public finance comes under stress in a period of slow economic growth. Although the impact on social progress in areas such as education and health will become fully evident only over time, it is clear that the world is facing a social crisis.

#### **IV. Recommendations**

68. **In order to guard against losing further ground in poverty eradication and other areas of social development and in order to accelerate progress to meet the Millennium Development Goal targets in the remaining years before 2015, the General Assembly may wish to consider the following recommendations:**

(a) Recognizing that sustained economic growth is a necessary although not a sufficient condition for poverty eradication, and that growth needs to be inclusive and equitable to have maximal impact on poverty, both macroeconomic and social policies should take into consideration and address inequality, so as to ensure that economic growth benefits all members of society and contributes to the overarching development objective of poverty eradication;

(b) The creation of employment opportunities and decent jobs should be integral to macroeconomic policy objectives, as experiences have shown that the most direct pathway out of poverty is achieved by generating enough decent work opportunities; and that, by creating productive employment and decent jobs, economic growth will help to reduce both poverty and inequality;

(c) Government policies need to be consistently counter-cyclical, and fiscal resources should be conserved during boom periods to support expansionary measures in times of need; and, in this regard, countries need to have policy space to be able to pursue counter-cyclical policies in a consistent manner; such policy space should be enabled by changing the fundamental orientation and nature of policy prescriptions that international organizations impose on countries as conditions for assistance;

(d) Universal social protection systems and active employment-generation programmes should become permanent measures as an integral part of a policy mix to advance the decent work agenda, to eradicate poverty and to foster social cohesion.

69. In view of the increasing importance of the social pillar in achieving the internationally agreed development goals, including the Millennium Development Goals, and the achievement of sustainable development, the General Assembly may wish to consider the following recommendations to enhance implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly:

(a) Raise the visibility of social development in the United Nations Development Agenda, including its contribution towards the achievement of sustainable development, by encouraging the Commission for Social Development to continue to actively review its future organization and methods of work and to establish a multi-year work programme that embraces priority themes which are focused on, and responsive to, current issues of social development, as well as emerging economic, financial and environmental issues;

(b) Invite Member States to launch country-led initiatives on creating inclusive societies by sharing lessons learned and best practices, including ways to enhance political support for social issues. Outcomes of such events and initiatives could be presented to the Commission for Social Development;

(c) Promote broader and more focused engagement of the United Nations system organizations and all stakeholders in the work of the Commission by, but not limited to, the encouragement of broader regional discourse as inputs to the work of the Commission through, for example, the organization of regional meetings by the regional commissions on its priority theme;

(d) Promote greater coherence in the implementation and response of United Nations system organizations, by more closely linking the implementation of relevant United Nations initiatives, including, but not limited to, the Second Decade for the Eradication of Poverty, the World Programme of Action for Youth, the Global Jobs Pact, the Decent Work Agenda, the Chief Executives Board nine Joint Crisis Initiatives, and the Action Agenda of the Millennium Development Goals Summit of 2010.